

**IN THE MATTER OF REQUEST FOR REVIEW  
OF BUREAU'S DECISION REGARDING NOVA CHARTER SCHOOL**

**Schools and Libraries Program: CC Docket No. 02-6**

Re: Applicant Name: NOVA CHARTER SCHOOL  
Billed Entity Number: 233899  
Form 471 Application Number: 820905  
Funding Request Number@): 2235388  
Date Appeal Postmarked: August 28, 2016  
Correspondence Received: August 1, 2016; Dated July 29, 2016  
RE: DA No. 16-860

Federal Communications Commission (FCC) rules require applicants to postmark appeals within 60 days of the date on the decision letter being appealed. FCC rules do not permit the Universal Service Administrative Company (USAC) to consider your untimely appeal.

Nova Charter School, applicant, requests a review of the denial of the appeal for failure to timely file the appeal during this 30 day period as provided by section 1.115(a)-(k).

Nova's basis for its appeal and waiver are numerous.

(i) The action involves a question of law or policy which has not previously been resolved by the Commission.

(ii) The action involves application of a precedent or policy which should be overturned or revised.

(iii) An erroneous finding as to an important or material question of fact.

1. The funding decision to require repayment of funds was determined to be for improperly disbursed funds. Nova was audited because its subcontractors were not being paid by the general contractor. The audit came after the disbursement of funds, and after Nova had received the equipment and after the equipment had been installed in the new construction. Nova was required to pay ten (10%) percent of the discounted cost of the equipment and installation to the general contractor under the e-rate program.

FCC rules require that applicants must pay their non-discounted portion of the products or services purchased with Universal Service discounts. Applicants that fail to pay the non-discounted portion of costs more than 90 days after completion of services have violated this rule. In addition, Nova Charter School did not provide

sufficient documentation to support that the funds received from USAC were for eligible goods and services that were approved for funding. USAC notes that Nova Charter School provided certain cancelled checks during the PQA review to support payment of its non-discounted share of costs, but the services that were paid were not eligible, approved E-rate services and equipment. Accordingly, USAC will seek recovery of improperly disbursed funds in the amount of \$337,951.06 from the applicant, Nova Charter School.

2. It is questionable whether public policy or the law or specifically the Commission would require additional payments of ten (10%) percent directly to a party that is committing fraud and breaching its contract with its principal. USAC and the Commission is seemingly determining that a principal/applicant should pay to its general contractor/service provider money that is already being paid under the construction contract, additional money to subcontractors that the general contractor is not paying and, on top of that, an additional ten (10%) percent to simply meet a Payment Quality Assurance (PQA) review. This is an exceptionally questionable practice, policy or procedure that should be reviewed and changed.

3. The construction of the campus was financed through bonds issued by Bank of New York Mellon. Payment for the construction was through draws paid directly to the general contractor and the service provider. Unknown to Nova, the general contractor failed to pay several of the subcontractors for work the subject of the payments by draws as work was actually completed. Nova, realistically, under the facts and circumstances, short of firing the general contractor, suing the general contractor and hiring another general contractor to basically start from the beginning to complete the school did what it had to do. In hindsight, Nova could or should have placed the ten (10%) percent in an escrow account for the benefit of the general contractor/service provider but not released that money and produced the escrow account to USAC as proof of its payment

of its portion of the discounted amount. This factual situation resulted in absurd results and USAC responded with absurd determinations of fault and wrong doing by Nova

4. The timing of the PQA is critical. Nova was in the finishing stages of its school construction project when it had to pay additional money to subcontractors. The school was nearing completion and under Texas State Law subcontractors had to submit demands and notices to the principal and general contractor to protect and perfect their right to payment as mechanicmen/materialmen under the Texas Property Code and the Texas Constitution. Under the law of the State of Texas the principal or, in this case, Nova is entitled, as a matter of law, and at least as a matter of policy, to credit for the additional sums of money it paid to subcontractors on behalf of the general contractor. Further, in order to meet city, state and county government requirements, Nova had to expend funds that should have been paid by the general contractor and the service provider to meet code requirements and pass inspections for fire safety, lift/elevator safety

In order to be sure that no funds are used in violation of Program rules, the Universal Service Administrative Company (USAC) must now recover these improper disbursements. The purpose of this letter is to inform you of the recoveries as required by Program rules, and to give you an opportunity to appeal this decision.

5. The recovery notice in the USAC funding decision was sent to ADI, Incorporated, the general contractor and service provider simultaneously to Nova. ADI, Incorporated, the general contractor and service provider within a month had filed for Chapter 11 bankruptcy protection. The date of the **Notification of Improperly Disbursed Funds Recovery Letter** was June 15, 2015. The general contractor filed for protection on May 11, 2015. Nova was under a disability of law during the period of time covered by the PQA period and the appeal period from the notification of improperly disbursed funds recovery letter. A copy of the first seven pages of the

bankruptcy filing showing debts owed to subcontractors is attached to this filing. Additionally, on August 19, 2015, a **Notification of Improperly Disbursed Funds Recovery Letter** was sent by USAC to ADI, Inc., omitting any reference to Nova's breach of any program rule. This letter is attached hereto as it more properly reflects what should be the result of any determination of fault and the responsibility for the improperly disbursed funds. Nova agrees with the August 19, 2015 determination letter and believe that it should be in lieu of or as a substitution of the June 15, 2015 determination letter. Moreover, Nova would support that decision and would not appeal as it is clearly accurate and reflects the fraudulent, deceptive and material misrepresentations and omissions by ADI, Inc., the general contractor and service provider that Nova is herein complaining of and referring to. (*See Attached Notices*)

6. The bankruptcy filing reveals in excess of \$400,000.00 due and owing by the general contractor/service provider under the construction contract for the construction of the school and the installation of the equipment for the USAC e-rate program. This is proof, if not indirect proof, of the proper purpose of the funds disbursed for approved purposes and should properly be considered by USAC in an appeal of their adverse decision determining improperly disbursed funds. Nova has reached an agreement to pay more than \$172,000.00 to CMC Networking, LLC specifically for the installation of e-rate equipment the subject of the PQA and the notice of improperly disbursed funds recovery letter and the bankruptcy filing by ADI, Inc., the general contractor/service provider.

7. Nova is working to reconcile, without any assistance from the bankrupt general contractor/service provider, the \$56,000.00 listed as owed to Don Telecom, a subcontractor, mechanicman or a materialman in the campus construction contract. Nova is also working to reconcile, without any assistance from the bankrupt general contractor/service provider, the \$72,636.72 listed as owed to Joel Electric, a subcontractor, mechanicman or a materialman in the

campus construction contract. This does not include the \$131,000.00 listed as due and owing to Nova, the principal, for excess sums paid by Nova on behalf of the bankrupt general contractor/service provider for the campus construction. The inequity and injustice is readily and easily cognizable by the realization that Nova is being subjected to an amount of approximately \$750,000.00 due to the fraudulent, deceptive and material misrepresentations and omissions by ADI, Inc., the general contractor and service provider.

8. The denial of the appeal by the Bureau cites and notes the precedent contained in **Agra Public Schools I-134, CC Docket No. 02-06, Order, 25 FCC Rcd 5684**. A careful examination of the underlying factors contained in the Order and decision reveal that the facts of that case and the facts and circumstances underlying Nova's denial are significant.

Filing deadlines for appeals are needed to provide finality in the decision making process. Because the E-rate program has a cap of \$2.25 billion each year, USAC and the Commission must accurately determine the number of funding requests that will be able to be granted in any given year. While USAC maintains a reserve fund for appeals, the amount of money reserved in that fund is generally based on the appeals that can be filed within the 60-day deadline. If the Commission allowed applicants to appeal decisions significantly after the deadline, it would be difficult to estimate the amount of money that should be held in the reserve fund. The reserve fund could be increased; however, that funding would have to come from the same \$2.25 billion allocated for the program and would therefore effectively take money away from applicants that had followed the rules or timely filed appeals.

9. Nova's untimely appeal, tangentially touches upon the issue cited above. It is beyond reason and belief to expect a small non profit school to possess the ability to repay \$337,951.06 as improperly disbursed funds while simultaneously paying the costs of the installation of the specific equipment for the e-rate program. This is punitive in nature and if a criminal matter would be considered double jeopardy. The reserve fund should not be increased or decreased by

any noticeable amount. The cap has been accounted for and utilized and there is no doubt that the Nova campus has been constructed and is in use with the necessary communication, email and internet services comparable to most modern school campuses across this nation. Nova's appeal is not seeking to take funds from the e-rate program, but is rather seeking a reasonable chance to account for and establish a proper use of the funds in light of a disability of law. Moreover, Nova provided invoices for e-rate equipment in an amount exceeding \$150,000.00 delivered to the campus construction site exclusive of the costs, fees and expenses associated with the installation of the e-rate equipment. Despite the production of the reasonable and necessary e-rate equipment invoices, USAC demanded an all or nothing position. USAC does not grant any allowance for the properly accounted for e-rate items under the funding decision. Where is the line drawn? Is not some credit due for that which is "sufficient documentation" Should the policy, practice or procedure of USAC be such that credit, where warranted, is given then many appeals of their decisions would not be made or in fact needed. Any expectation of the E-rate fund would be to a significantly different amount if the policy, practice or procedure included or took into account the \$150,000.00 worth of equipment and the cost, fees and expenses of installing such equipment such as provided by Nova. The all or nothing approach demonstrated by USAC should be questioned and changed as it wreaks havoc on small school budgets and administrators.

For example, in the *Mescalero Order*, the Commission denied an application for review where the applicant asserted that its appeal was untimely filed because of disruption caused by the transfer of the school to a new location and a non-responsive vendor.<sup>36</sup> The Commission upheld the Bureau decision denying the applicant's request for review as untimely filed, stating that, in cases of missed deadlines, the Bureau rarely grants waivers for untimely filing of appeals to USAC.<sup>37</sup> The Commission also noted that the Bureau has "consistently held that applicants are responsible for submitting their appeals in a timely manner and complying with program rules and procedures," and that "financial need does

not meet the requirement of special circumstances that warrant a waiver of the Commission's rules."<sup>28</sup> Further, the United States Court of Appeals for the District of Columbia Circuit has "discourage[d] the Commission from entertaining late-filed pleadings 'in the absence of extremely unusual circumstances.'"<sup>29</sup>

10. Nova's facts and circumstances rise well above minor disruption and non-responsive behavior. Nova was and is the victim of fraudulent acts, breach of contract, civil suits, material misrepresentations and omissions by its general contractor/service provider rising to the point of warranting an investigation into the actions of the general contractor/service provider by the FBI. Investigation by the FBI and bankruptcy protection are extremes well above and beyond mere disruption and non-responsiveness of a vendor. Financial need may or may not be a proper consideration where it is demonstrated that significantly more than the ten (10%) percent that should have been paid to the service provider was in fact paid to the service provider.

11. Additionally, behavior that warrants an investigation by the FBI would be taken into account in a decision by a United States Court of Appeals of any district not to mention the Court's need to take into account a party's disability of law, and the victim's position due to fraudulent acts, breach of contract, civil suits, material misrepresentations and omissions perpetrated by a general contractor/vendor which amount to more than an unresponsive or non-responsive vendor.

12. The determination that Nova Charter School violated USAC program rules and should be responsible for repayment is clearly not supported by legally cognizable facts in light of the clear determination of the intentional wrongdoing of ADI Inc., particularly in light of the material misrepresentations and omissions, breach of contract and fraudulent behavior recognized by USAC in the **Notification of Improperly Disbursed Funds Recovery Letter** addressed solely to ADI, Inc., on August 19, 2015. The previous **Notification of Improperly Disbursed Funds**

**Recovery Letter** addressed to Nova finding fault fails to take the later determination and knowledge into account and is clearly erroneous and an important material question of fact that should be considered by the Commission.

13. Apparently USAC has a policy and procedure in place that refuses to take into account partial proof of payments and proof of proper purpose of the funds disbursed for approved purposes. By example, if Nova proved it properly accounted for \$90.00 of \$100.00 for properly disbursed funds for approved purposes why would USAC demand repayment of the entire \$100.00. This is an absurd result and one which should not, could not and would not be condoned by any court of the U.S. Any such policy, precedent, practice or procedure needs to be and should be revisited and revised to take into account reality and remove and eliminate the absurdity of such an all or nothing rule or determination regardless of the true facts, situation or circumstances.

Respectfully submitted,

/s/ Mark A. Mosley  
Mark A. Mosley  
General Counsel

/s/ Donna Woods  
Donna Woods  
CEO

Nova Charter School



Ginnie Harwood/Jeremy Ballew  
NOVA CHARTER SCHOOL  
2101 W. Loop 340  
Waco, TX 76712



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**Notification of Improperly Disbursed Funds Recovery Letter**  
**Funding Year 2011: July 1, 2011 - June 30, 2012**

June 15, 2015

**Ginnie Harwood/Jeremy Ballew**  
**NOVA CHARTER SCHOOL**  
**2101 W. Loop 340**  
**Waco, TX 76712**

|   |                             |
|---|-----------------------------|
| <b>Re: Form 471 Application Number:</b> | <b>820905</b>               |
| <b>Funding Year:</b>                    | <b>2011</b>                 |
| <b>Applicant's Form Identifier:</b>     | <b>Nova_FY14_2IC_ADI</b>    |
| <b>Billed Entity Number:</b>            | <b>233899</b>               |
| <b>FCC Registration Number:</b>         | <b>0020708897</b>           |
| <b>SPIN:</b>                            | <b>143035559</b>            |
| <b>SPIN Name:</b>                       | <b>ADI Engineering, Inc</b> |
| <b>Service Provider Contact Person:</b> | <b>Donatus Anyanwu</b>      |

Our routine review of Schools and Libraries Program (Program) funding commitments has revealed certain applications where funds were disbursed in violation of Program rules.

In order to be sure that no funds are used in violation of Program rules, the Universal Service Administrative Company (USAC) must now recover these improper disbursements. The purpose of this letter is to inform you of the recoveries as required by Program rules, and to give you an opportunity to appeal this decision. USAC has determined the applicant is responsible for all or some of the Program rule violations. Therefore, the applicant is responsible to repay all or some of the funds disbursed in error.

This is NOT a bill. The next step in the recovery of improperly disbursed funds process is for USAC to issue you a Demand Payment Letter. The balance of the debt will be due within 30 days of that letter. Failure to pay the debt within 30 days from the date of the Demand Payment Letter could result in interest, late payment fees, administrative charges and implementation of the "Red Light Rule." The FCC's Red Light Rule requires USAC to dismiss pending FCC Form 471 applications if the entity responsible for paying the outstanding debt has not paid the debt, or otherwise made satisfactory arrangements to pay the debt within 30 days of the notice provided by USAC. For more information on the Red Light Rule, please see "Red Light Frequently Asked Questions (FAQs)" posted on the FCC website at [http://www.fcc.gov/debt\\_collection/faq.html](http://www.fcc.gov/debt_collection/faq.html).

TO APPEAL THIS DECISION:

If you wish to appeal the Notification of Improperly Disbursed Funds Recovery decision indicated in this letter to USAC, your appeal must be received or postmarked within 60 days of the date of this letter. Failure to meet this requirement will result in automatic dismissal of your appeal. In your letter of appeal:

1. Include the name, address, telephone number, fax number, and email address (if available) for the person who can most readily discuss this appeal with us.
2. State outright that your letter is an appeal. Identify the date of the Notification of Improperly Disbursed Funds Recovery Letter and the Funding Request Number(s) (FRNs) you are appealing. Your letter of appeal must include the
  - Billed Entity Name,
  - Form 471 Application Number,
  - Billed Entity Number, and
  - FCC Registration Number (FCC RN) from the top of your letter.
3. When explaining your appeal, copy the language or text from the Funding Disbursement Recovery Report that is the subject of your appeal to allow USAC to more readily understand your appeal and respond appropriately. Please keep your letter to the point, and provide documentation to support your appeal. Be sure to keep a copy of your entire appeal including any correspondence and documentation.
4. If you are an applicant, please provide a copy of your appeal to the service provider (s) affected by USAC's decision. If you are a service provider, please provide a copy of your appeal to the applicant(s) affected by USAC's decision.
5. Provide an authorized signature on your letter of appeal.

We strongly recommend that you use one of the electronic filing options. To submit your appeal to USAC by email, email your appeal to [appeals@sl.universalservice.org](mailto:appeals@sl.universalservice.org) or submit your appeal electronically by using the "Submit a Question" feature on the USAC website. USAC will automatically reply to incoming emails to confirm receipt.

To submit your appeal to us by fax, fax your appeal to (973) 599-6542.

To submit your appeal to us on paper, send your appeal to:

Letter of Appeal  
Schools and Libraries Division - Correspondence Unit  
30 Lanidex Plaza West  
PO Box 685  
Parsippany, NJ 07054-0685

For more information on submitting an appeal to USAC, please see "Appeals" in the "Schools and Libraries" section of the USAC website.

## FUNDING DISBURSEMENT RECOVERY REPORT

On the pages following this letter, we have provided a Funding Disbursement Recovery Report (Report) for the Form 471 application cited above. The enclosed Report includes the Funding Request Number(s) from the application for which recovery is necessary. See the "Guide to USAC Letter Reports" posted at <http://usac.org/sl/tools/reference/guide-usac-letter-reports.aspx> for more information on each of the fields in the Report. USAC is also sending this information to the service provider for informational purposes. If USAC has determined the service provider is also responsible for any rule violation on these FRN(s), a separate letter will be sent to the service provider detailing the necessary service provider action. The Report explains the exact amount the applicant is responsible for repaying.

Schools and Libraries Division  
Universal Services Administrative Company

cc: Donatus Anyanwu  
ADI Engineering, Inc

**Funding Disbursement Recovery Report  
for Form 471 Application Number: 820905**

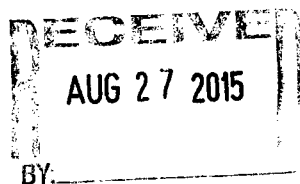
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Funding Request Number: 2235388  
Services Ordered: INTERNAL CONNECTIONS  
SPIN: 143035559  
Service Provider Name: ADI Engineering, Inc  
Contract Number: Prichard\_2011  
Billing Account Number: 214-309-9030  
Site Identifier: 233899  
Funding Commitment: \$343,384.25  
Funds Disbursed to Date: \$337,951.06  
Funds to be Recovered from Applicant: \$337,951.06

**Disbursed Funds Recovery Explanation:**

During a Payment Quality Assurance (PQA) review, it was determined that E-rate Program funds were improperly disbursed for FRN 2235388. Specifically, the applicant, Nova Charter School failed to pay its non-discounted share of the costs of the E-rate eligible services and equipment received for FRN 2235388 to the service provider, ADI Engineering, Inc. FCC rules require that applicants must pay their non-discounted portion of the products or services purchased with Universal Service discounts. Applicants that fail to pay the non-discounted portion of costs more than 90 days after completion of services have violated this rule. In addition, Nova Charter School did not provide sufficient documentation to support that the funds received from USAC were for eligible goods and services that were approved for funding. USAC notes that Nova Charter School provided certain cancelled checks during the PQA review to support payment of its non-discounted share of costs, but the services that were paid were not eligible, approved E-rate services and equipment. Accordingly, USAC will seek recovery of improperly disbursed funds in the amount of \$337,951.06 from the applicant, Nova Charter School.

Ginnie Harwood/Jeremy Ballew  
NOVA CHARTER SCHOOL  
2101 W. Loop 340  
Waco, TX 76712





Schools & Libraries Division

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Notification of Improperly Disbursed Funds Recovery Letter

Funding Year 2011: July 1, 2011 - June 30, 2012

August 19, 2015

Donatus Anyanwu  
ADI Engineering, Inc  
8035 E RL Thornton Frwy  
Suite 605  
Dallas, TX 75228

|                              |                              |
|------------------------------|------------------------------|
| Re: SPIN:                    | 143035559                    |
| Form 471 Application Number: | 820905                       |
| Funding Year:                | 2011                         |
| FCC Registration Number:     |                              |
| Applicant Name:              | NOVA CHARTER SCHOOL          |
| Billed Entity Number:        | 233899                       |
| Applicant Contact Person:    | Ginnie Harwood/Jeremy Ballew |

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This is NOT a bill. The next step in the recovery of improperly disbursed funds process is for USAC to issue you a Demand Payment Letter. The balance of the debt will be due within 30 days of that letter. Failure to pay the debt within 30 days from the date of the Demand Payment Letter could result in interest, late payment fees, administrative charges and implementation of the "Red Light Rule." The FCC's Red Light Rule requires USAC to dismiss pending FCC Form 471 applications if the entity responsible for paying the outstanding debt has not paid the debt, or otherwise made satisfactory arrangements to pay the debt within 30 days of the notice provided by USAC.' For more information on the Red Light Rule, please see "Red Light Frequently Asked Questions (FAQs)" posted on the FCC website at [http://www.fcc.gov/debt\\_collection/faq.html](http://www.fcc.gov/debt_collection/faq.html).

TO APPEAL THIS DECISION:

If you wish to appeal the Notification of Improperly Disbursed Funds Recovery decision indicated in this letter to USAC, your appeal must be received or postmarked within 60 days of the date of this letter. Failure to meet this requirement will result in automatic dismissal of your appeal. In your letter of appeal:

1. Include the name, address, telephone number, fax number, and email address (if available) for the person who can most readily discuss this appeal with us.
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  - Billed Entity Name,
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To submit your appeal to us by fax, fax your appeal to (973) 599-6542.

To submit your appeal to us on paper, send your appeal to:

Letter of Appeal  
Schools and Libraries Division - Correspondence Unit  
30 Lanidex Plaza West  
PO Box 685  
Parsippany, NJ 07054-0685

For more information on submitting an appeal to USAC, please see "Appeals" in the "Schools and Libraries" section of the USAC website.



# FUNDING DISBURSEMENT RECOVERY REPORT

On the pages following this letter, we have provided a Funding Disbursement Recovery Report (Report) for the Form 471 application cited above. The enclosed Report includes the Funding Request Number(s) from the application for which recovery is necessary. See the "Guide to USAC Letter Reports" posted at <http://usac.org/sl/tools/reference/guide-usac-letter-reports.aspx> for more information on each of the fields in the Report. USAC is also sending this information to the applicant for informational purposes. If USAC has determined the applicant is also responsible for any rule violation on these FRN(s), a separate letter will be sent to the applicant detailing the necessary applicant action. The Report explains the exact amount the service provider is responsible for repaying.

Schools and Libraries Division  
Universal Services Administrative Company

cc: Ginnie Harwood/Jeremy Ballew  
NOVA CHARTER SCHOOL

Funding Disbursement Recovery Report  
for Form 471 Application Number: 820905

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Funding Request Number: 2235388  
Contract Number: Prichard\_2011  
Services Ordered: INTERNAL CONNECTIONS  
Billing Account Number: 214-309-9030  
Funding Commitment: \$343,384.25  
Funds Disbursed to Date: \$337,951.06  
Funds to be Recovered from Service Provider: \$337,951.06

Disbursed Funds Recovery Explanation:

During a Payment Quality Assurance (PQA) review, it was determined that E-rate Program funds were improperly disbursed for ineligible services and/or equipment that were not requested or approved on the FCC Form 471 funding application for FRN 2235388. USAC determined that the service provider bills submitted by ADI Engineering, Inc. did not support the \$337,951.06 disbursement that was under review. Specifically, USAC determined that the service provider bills submitted were for non-E-rate eligible services and for services that were not requested or approved on the FCC Form 471 funding application and the Item 21 attachment for FRN 2235388. FCC rules require that applicants indicate on the FCC Form 471 and Item 21 attachments the services and/or equipment for which they are seeking E-rate Program funding so that USAC can determine whether the services and/or equipment are eligible for funding. In this case, because ADI Engineering, Inc. invoiced the ineligible services and equipment to USAC via a Service Provider Invoice (SPI) form, this violation was caused by an act or omission of ADI Engineering, Inc. ADI Engineering, Inc. as the service provider is responsible for ensuring that it provides and invoices USAC only for eligible, approved services and equipment. On the Service Provider Annual Certification Form (FCC Form 473), the authorized person certifies for ADI Engineering, Inc. that the invoices submitted by the service provider to the billed entity are for equipment and services eligible for Universal Service support by USAC.

In addition, ADI Engineering, Inc. did not certify it was compliant with the Federal Communications Commission (FCC) lowest corresponding price rule. Lowest corresponding price is defined as the lowest price that a service provider charges to non-residential customers who are similarly situated to a particular school, library, or library consortium for similar services. Service providers are required to offer the lowest corresponding price during the competitive bidding process and charge applicants the lowest corresponding price when creating offers/contracts. ADI Engineering, Inc. was required to certify that it is compliant with these rules during the PQA review process and it did not do so. Thus, USAC did not have any evidence that ADI Engineering, Inc. was compliant to the FCCs LCP rules.

Accordingly, for these reasons above, USAC will seek recover improperly disbursed funds in the amount of the \$337,951.06 from the service provider, ADI Engineering, Inc.

B1 (Official Form 1)(04/13)

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|--|--|---|
| <b>United States Bankruptcy Court</b><br><b>Northern District of Texas</b>   |  | <b>Voluntary Petition</b>   |
| Name of Debtor (if individual, enter Last, First, Middle):<br><b>ADI Engineering, Inc.</b>   |  | Name of Joint Debtor (Spouse) (Last, First, Middle):  |
| All Other Names used by the Debtor in the last 8 years<br>(include married, maiden, and trade names):  |  | All Other Names used by the Joint Debtor in the last 8 years<br>(include married, maiden, and trade names):   |
| Last four digits of Soc. Sec. or Individual-Taxpayer I.D. (ITIN)/Complete EIN<br>(if more than one, state all)<br><b>71-0896390</b>  |  | Last four digits of Soc. Sec. or Individual-Taxpayer I.D. (ITIN) No./Complete EIN<br>(if more than one, state all)  |
| Street Address of Debtor (No. and Street, City, and State):<br><b>3820 E. Illinois Ave.</b><br><b>Dallas, TX</b><br><div style="text-align: right; font-size: small;">ZIP Code<br/><b>75216-4140</b></div>   |  | Street Address of Joint Debtor (No. and Street, City, and State):<br><div style="text-align: right; font-size: small;">ZIP Code</div>   |
| County of Residence or of the Principal Place of Business:<br><b>Dallas</b>  |  | County of Residence or of the Principal Place of Business:  |
| Mailing Address of Debtor (if different from street address):<br><div style="text-align: right; font-size: small;">ZIP Code</div>  |  | Mailing Address of Joint Debtor (if different from street address):<br><div style="text-align: right; font-size: small;">ZIP Code</div>   |
| Location of Principal Assets of Business Debtor<br>(if different from street address above):   |  |   |
| <b>Type of Debtor</b><br>(Form of Organization) (Check one box)<br><input type="checkbox"/> Individual (includes Joint Debtors)<br><i>See Exhibit D on page 2 of this form.</i><br><input checked="" type="checkbox"/> Corporation (includes LLC and LLP)<br><input type="checkbox"/> Partnership<br><input type="checkbox"/> Other (If debtor is not one of the above entities,<br>check this box and state type of entity below.)  | <b>Nature of Business</b><br>(Check one box)<br><input type="checkbox"/> Health Care Business<br><input type="checkbox"/> Single Asset Real Estate as defined<br>in 11 U.S.C. § 101 (51B)<br><input type="checkbox"/> Railroad<br><input type="checkbox"/> Stockbroker<br><input type="checkbox"/> Commodity Broker<br><input type="checkbox"/> Clearing Bank<br><input checked="" type="checkbox"/> Other | <b>Chapter of Bankruptcy Code Under Which<br/>the Petition is Filed</b> (Check one box)<br><input type="checkbox"/> Chapter 7<br><input type="checkbox"/> Chapter 9<br><input checked="" type="checkbox"/> Chapter 11<br><input type="checkbox"/> Chapter 12<br><input type="checkbox"/> Chapter 13<br><input type="checkbox"/> Chapter 15 Petition for Recognition<br>of a Foreign Main Proceeding<br><input type="checkbox"/> Chapter 15 Petition for Recognition<br>of a Foreign Nonmain Proceeding  |
| <b>Chapter 15 Debtors</b><br>Country of debtor's center of main interests:<br><br>Each country in which a foreign proceeding<br>by, regarding, or against debtor is pending:   | <b>Tax-Exempt Entity</b><br>(Check box, if applicable)<br><input type="checkbox"/> Debtor is a tax-exempt organization<br>under Title 26 of the United States<br>Code (the Internal Revenue Code).   | <b>Nature of Debts</b><br>(Check one box)<br><input type="checkbox"/> Debts are primarily consumer debts,<br>defined in 11 U.S.C. § 101(8) as<br>"incurred by an individual primarily for<br>a personal, family, or household purpose."<br><input checked="" type="checkbox"/> Debts are primarily<br>business debts.   |
| <b>Filing Fee</b> (Check one box)<br><input checked="" type="checkbox"/> Full Filing Fee attached<br><input type="checkbox"/> Filing Fee to be paid in installments (applicable to individuals only). Must<br>attach signed application for the court's consideration certifying that the<br>debtor is unable to pay fee except in installments. Rule 1006(b). See Official<br>Form 3A.<br><input type="checkbox"/> Filing Fee waiver requested (applicable to chapter 7 individuals only). Must<br>attach signed application for the court's consideration. See Official Form 3B. |  | <b>Chapter 11 Debtors</b><br>Check one box:<br><input checked="" type="checkbox"/> Debtor is a small business debtor as defined in 11 U.S.C. § 101(51D).<br><input type="checkbox"/> Debtor is not a small business debtor as defined in 11 U.S.C. § 101(51D).<br>Check if:<br><input checked="" type="checkbox"/> Debtor's aggregate noncontingent liquidated debts (excluding debts owed to insiders or affiliates)<br>are less than \$2,490,925 ( <i>amount subject to adjustment on 4/01/16 and every three years thereafter</i> ).<br>Check all applicable boxes:<br><input type="checkbox"/> A plan is being filed with this petition.<br><input type="checkbox"/> Acceptances of the plan were solicited prepetition from one or more classes of creditors,<br>in accordance with 11 U.S.C. § 1126(b). |
| <b>Statistical/Administrative Information</b><br><input checked="" type="checkbox"/> Debtor estimates that funds will be available for distribution to unsecured creditors.<br><input type="checkbox"/> Debtor estimates that, after any exempt property is excluded and administrative expenses paid,<br>there will be no funds available for distribution to unsecured creditors.  |  | THIS SPACE IS FOR COURT USE ONLY  |
| <b>Estimated Number of Creditors</b><br><input checked="" type="checkbox"/> 1-49 <input type="checkbox"/> 50-99 <input type="checkbox"/> 100-199 <input type="checkbox"/> 200-999 <input type="checkbox"/> 1,000-5,000 <input type="checkbox"/> 5,001-10,000 <input type="checkbox"/> 10,001-25,000 <input type="checkbox"/> 25,001-50,000 <input type="checkbox"/> 50,001-100,000 <input type="checkbox"/> OVER 100,000   |  |   |
| <b>Estimated Assets</b><br><input type="checkbox"/> \$0 to \$50,000 <input type="checkbox"/> \$50,001 to \$100,000 <input type="checkbox"/> \$100,001 to \$500,000 <input type="checkbox"/> \$500,001 to \$1 million <input checked="" type="checkbox"/> \$1,000,001 to \$10 million <input type="checkbox"/> \$10,000,001 to \$50 million <input type="checkbox"/> \$50,000,001 to \$100 million <input type="checkbox"/> \$100,000,001 to \$500 million <input type="checkbox"/> \$500,000,001 to \$1 billion <input type="checkbox"/> More than \$1 billion                     |  |   |
| <b>Estimated Liabilities</b><br><input type="checkbox"/> \$0 to \$50,000 <input type="checkbox"/> \$50,001 to \$100,000 <input type="checkbox"/> \$100,001 to \$500,000 <input type="checkbox"/> \$500,001 to \$1 million <input checked="" type="checkbox"/> \$1,000,001 to \$10 million <input type="checkbox"/> \$10,000,001 to \$50 million <input type="checkbox"/> \$50,000,001 to \$100 million <input type="checkbox"/> \$100,000,001 to \$500 million <input type="checkbox"/> \$500,000,001 to \$1 billion <input type="checkbox"/> More than \$1 billion                |  |   |

B1 (Official Form 1)(04/13)

Page 2

**Voluntary Petition***(This page must be completed and filed in every case)*

Name of Debtor(s):

**ADI Engineering, Inc.****All Prior Bankruptcy Cases Filed Within Last 8 Years** (If more than two, attach additional sheet)

Location

Where Filed: **- None -**

Case Number:

Date Filed:

Location

Where Filed:

Case Number:

Date Filed:

**Pending Bankruptcy Case Filed by any Spouse, Partner, or Affiliate of this Debtor** (If more than one, attach additional sheet)

Name of Debtor:

**- None -**

Case Number:

Date Filed:

District:

Relationship:

Judge:

**Exhibit A**

(To be completed if debtor is required to file periodic reports (e.g., forms 10K and 10Q) with the Securities and Exchange Commission pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934 and is requesting relief under chapter 11.)

☐ Exhibit A is attached and made a part of this petition.

**Exhibit B**

(To be completed if debtor is an individual whose debts are primarily consumer debts.)

I, the attorney for the petitioner named in the foregoing petition, declare that I have informed the petitioner that [he or she] may proceed under chapter 7, 11, 12, or 13 of title 11, United States Code, and have explained the relief available under each such chapter. I further certify that I delivered to the debtor the notice required by 11 U.S.C. §342(b).

**X**

Signature of Attorney for Debtor(s)

(Date)

**Exhibit C**

Does the debtor own or have possession of any property that poses or is alleged to pose a threat of imminent and identifiable harm to public health or safety?

☐ Yes, and Exhibit C is attached and made a part of this petition.

☒ No.

**Exhibit D**

(To be completed by every individual debtor. If a joint petition is filed, each spouse must complete and attach a separate Exhibit D.)

☐ Exhibit D completed and signed by the debtor is attached and made a part of this petition.

If this is a joint petition:

☐ Exhibit D also completed and signed by the joint debtor is attached and made a part of this petition.

**Information Regarding the Debtor - Venue**

(Check any applicable box)

- ☒ Debtor has been domiciled or has had a residence, principal place of business, or principal assets in this District for 180 days immediately preceding the date of this petition or for a longer part of such 180 days than in any other District.
- ☐ There is a bankruptcy case concerning debtor's affiliate, general partner, or partnership pending in this District.
- ☐ Debtor is a debtor in a foreign proceeding and has its principal place of business or principal assets in the United States in this District, or has no principal place of business or assets in the United States but is a defendant in an action or proceeding [in a federal or state court] in this District, or the interests of the parties will be served in regard to the relief sought in this District.

**Certification by a Debtor Who Resides as a Tenant of Residential Property**

(Check all applicable boxes)

- ☐ Landlord has a judgment against the debtor for possession of debtor's residence. (If box checked, complete the following.)

\_\_\_\_\_  
(Name of landlord that obtained judgment)

\_\_\_\_\_  
(Address of landlord)

- ☐ Debtor claims that under applicable nonbankruptcy law, there are circumstances under which the debtor would be permitted to cure the entire monetary default that gave rise to the judgment for possession, after the judgment for possession was entered, and
- ☐ Debtor has included with this petition the deposit with the court of any rent that would become due during the 30-day period after the filing of the petition.
- ☐ Debtor certifies that he/she has served the Landlord with this certification. (11 U.S.C. § 362(l)).

**Voluntary Petition***(This page must be completed and filed in every case)*

Name of Debtor(s):

**ADI Engineering, Inc.****Signatures****Signature(s) of Debtor(s) (Individual/Joint)**

I declare under penalty of perjury that the information provided in this petition is true and correct.

[If petitioner is an individual whose debts are primarily consumer debts and has chosen to file under chapter 7] I am aware that I may proceed under chapter 7, 11, 12, or 13 of title 11, United States Code, understand the relief available under each such chapter, and choose to proceed under chapter 7. [If no attorney represents me and no bankruptcy petition preparer signs the petition] I have obtained and read the notice required by 11 U.S.C. §342(b).

I request relief in accordance with the chapter of title 11, United States Code, specified in this petition.

**X** \_\_\_\_\_  
Signature of Debtor

**X** \_\_\_\_\_  
Signature of Joint Debtor

\_\_\_\_\_  
Telephone Number (If not represented by attorney)

\_\_\_\_\_  
Date

**Signature of Attorney\***

**X** /s/ M. Jermaine Watson  
Signature of Attorney for Debtor(s)

**M. Jermaine Watson 24063055**  
Printed Name of Attorney for Debtor(s)

**M. J. Watson & Associates, P.C.**  
Firm Name  
**325 N. St. Paul St., Suite 2200**  
**Dallas, TX 75201**

\_\_\_\_\_  
Address

**Email: jwatson@mjwtatsonlaw.com**  
**214-965-8240 Fax: 214-999-1382**

\_\_\_\_\_  
Telephone Number

**May 11, 2015**

\_\_\_\_\_  
Date

\*In a case in which § 707(b)(4)(D) applies, this signature also constitutes a certification that the attorney has no knowledge after an inquiry that the information in the schedules is incorrect.

**Signature of Debtor (Corporation/Partnership)**

I declare under penalty of perjury that the information provided in this petition is true and correct, and that I have been authorized to file this petition on behalf of the debtor.

The debtor requests relief in accordance with the chapter of title 11, United States Code, specified in this petition.

**X** /s/ Donatus I. Anyanwu  
Signature of Authorized Individual

**Donatus I. Anyanwu**  
Printed Name of Authorized Individual

**President**  
Title of Authorized Individual

**May 11, 2015**

\_\_\_\_\_  
Date

**Signature of a Foreign Representative**

I declare under penalty of perjury that the information provided in this petition is true and correct, that I am the foreign representative of a debtor in a foreign proceeding, and that I am authorized to file this petition.

(Check only one box.)

☐ I request relief in accordance with chapter 15 of title 11, United States Code. Certified copies of the documents required by 11 U.S.C. §1515 are attached.

☐ Pursuant to 11 U.S.C. §1511, I request relief in accordance with the chapter of title 11 specified in this petition. A certified copy of the order granting recognition of the foreign main proceeding is attached.

**X** \_\_\_\_\_  
Signature of Foreign Representative

\_\_\_\_\_  
Printed Name of Foreign Representative

\_\_\_\_\_  
Date

**Signature of Non-Attorney Bankruptcy Petition Preparer**

I declare under penalty of perjury that: (1) I am a bankruptcy petition preparer as defined in 11 U.S.C. § 110; (2) I prepared this document for compensation and have provided the debtor with a copy of this document and the notices and information required under 11 U.S.C. §§ 110(b), 110(h), and 342(b); and, (3) if rules or guidelines have been promulgated pursuant to 11 U.S.C. § 110(h) setting a maximum fee for services chargeable by bankruptcy petition preparers, I have given the debtor notice of the maximum amount before preparing any document for filing for a debtor or accepting any fee from the debtor, as required in that section. Official Form 19 is attached.

\_\_\_\_\_  
Printed Name and title, if any, of Bankruptcy Petition Preparer

\_\_\_\_\_  
Social-Security number (If the bankruptcy petition preparer is not an individual, state the Social Security number of the officer, principal, responsible person or partner of the bankruptcy petition preparer.) (Required by 11 U.S.C. § 110.)

\_\_\_\_\_  
Address

**X** \_\_\_\_\_

\_\_\_\_\_  
Date

Signature of bankruptcy petition preparer or officer, principal, responsible person, or partner whose Social Security number is provided above.

Names and Social-Security numbers of all other individuals who prepared or assisted in preparing this document unless the bankruptcy petition preparer is not an individual:

If more than one person prepared this document, attach additional sheets conforming to the appropriate official form for each person.

*A bankruptcy petition preparer's failure to comply with the provisions of title 11 and the Federal Rules of Bankruptcy Procedure may result in fines or imprisonment or both. 11 U.S.C. §110; 18 U.S.C. §156.*

**RESOLUTION OF THE BOARD OF DIRECTORS OF  
OF  
ADI ENGINEERING, INC.**

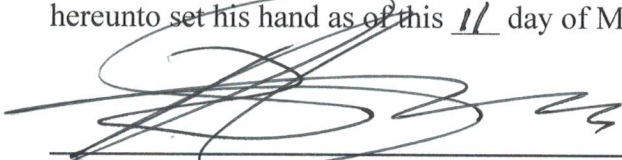
The undersigned, being the sole director ("Director") of ADI Engineering, Inc. ("Company"), a Texas corporation, does hereby consent and agree to the following proposed actions in lieu of a meeting for such purposes:

**RESOLVED**, after consideration of the Company's financial and operational condition, it is in the best interests of the Company, its creditors and interest owner to file a petition under chapter 11 of title 11 of the United States Code, 11 U.S.C. §§ 101-1532 (the "Bankruptcy Code").

**FURTHER RESOLVED**, that Director is hereby authorized, on behalf of and in the name of the Company, to do the following:

1. Execute and verify a petition in the name of the Company under chapter 11 of the Bankruptcy Code and to cause the same to be filed in the United States Bankruptcy Court for the Northern District of Texas;
2. Employ and retain the law firm of M. J. Watson & Associates, P.C. as bankruptcy counsel for the Company in its chapter 11 case;
3. Employ and retain such further legal, financial, accounting and bankruptcy services firms as may be deemed necessary or appropriate for the chapter 11 case; and
4. Take such further action in the name of the Company within the chapter 11 case as he deems necessary and appropriate to the protection of the Company, its creditors and interest owner.

**IN WITNESS WHEREOF**, the undersigned, being the Director of the Company, has hereunto set his hand as of this 11 day of May, 2015.



**DONATUS I. ANYANWU**

B4 (Official Form 4) (12/07)

**United States Bankruptcy Court**  
**Northern District of Texas**

In re ADI Engineering, Inc.

Debtor(s)

Case No.

Chapter

11

**LIST OF CREDITORS HOLDING 20 LARGEST UNSECURED CLAIMS**

Following is the list of the debtor's creditors holding the 20 largest unsecured claims. The list is prepared in accordance with Fed. R. Bankr. P. 1007(d) for filing in this chapter 11 [or chapter 9] case. The list does not include (1) persons who come within the definition of "insider" set forth in 11 U.S.C. § 101, or (2) secured creditors unless the value of the collateral is such that the unsecured deficiency places the creditor among the holders of the 20 largest unsecured claims. If a minor child is one of the creditors holding the 20 largest unsecured claims, state the child's initials and the name and address of the child's parent or guardian, such as "A.B., a minor child, by John Doe, guardian." Do not disclose the child's name. See 11 U.S.C. § 112; Fed. R. Bankr. P. 1007(m).

| (1)<br><i>Name of creditor and complete mailing address including zip code</i>   | (2)<br><i>Name, telephone number and complete mailing address, including zip code, of employee, agent, or department of creditor familiar with claim who may be contacted</i> | (3)<br><i>Nature of claim (trade debt, bank loan, government contract, etc.)</i> | (4)<br><i>Indicate if claim is contingent, unliquidated, disputed, or subject to setoff</i> | (5)<br><i>Amount of claim [if secured, also state value of security]</i> |
|--|---|--|---|--|
| CMC Network Solutions, LLC<br>c/o The Law Offices of John C. Sherwood<br>2926 Maple Avenue, Suite 200<br>Dallas, TX 75201                  | CMC Network Solutions, LLC<br>c/o The Law Offices of John C. Sherwood<br>Dallas, TX 75201   | Trade debt   | Contingent<br>Unliquidated<br>Disputed<br>Subject to Setoff                                 | 150,696.89   |
| Don Telecom and Computer Services<br>c/o Dale H. Henley<br>Mayo Mendolia & Vice, L.L.P.<br>5368 State Highway 276<br>Royse City, TX 75189  | Don Telecom and Computer Services<br>c/o Dale H. Henley<br>Mayo Mendolia & Vice, L.L.P.<br>Royse City, TX 75189   | Trade debt   | Contingent<br>Unliquidated<br>Disputed<br>Subject to Setoff                                 | 72,636.72  |
| Donna D. Spears<br>c/o Craig A. Albert<br>Cherry Peterson Landry Albert LLP<br>8350 North Central Expressway, Ste 1500<br>Dallas, TX 75206 | Donna D. Spears<br>c/o Craig A. Albert<br>Cherry Peterson Landry Albert LLP<br>Dallas, TX 75206   | Trade debt   | Contingent<br>Unliquidated<br>Disputed  | Unknown  |
| Donna Houston Woods<br>Nova Charter School<br>2800 Prichard Lane<br>Dallas, TX 75227   | Donna Houston Woods<br>Nova Charter School<br>2800 Prichard Lane<br>Dallas, TX 75227  | Trade debt   | Contingent  | 131,000.00   |
| Joel Electric Services<br>c/o Dale H. Henley<br>Mayo Mendolia & Vice, L.L.P.<br>5368 State Highway 276<br>Royse City, TX 75189             | Joel Electric Services<br>c/o Dale H. Henley<br>Mayo Mendolia & Vice, L.L.P.<br>Royse City, TX 75189  | Trade debt   | Contingent<br>Unliquidated<br>Disputed<br>Subject to Setoff                                 | 56,000.00  |
| Suretec Insurance Company<br>c/o Christopher R. Ward<br>Strasburger & Price, LLP<br>901 Main Street, Suite 4400<br>Dallas, TX 75202        | Suretec Insurance Company<br>c/o Christopher R. Ward<br>Strasburger & Price, LLP<br>Dallas, TX 75202  | Trade debt   |   | 630,000.00   |